



Wiley Rein & Fielding LLP

1776 K STREET NW
WASHINGTON, DC 20006
PHONE 202.719.7000
FAX 202.719.7049

Virginia Office
7925 JONES BRANCH DRIVE
SUITE 6200
McLEAN, VA 22102
PHONE 703.905.2800
FAX 703.905.2820

www.wrf.com

March 8, 2005

John M. Burgett
202-719-4239
jburgett@wrf.com

Electronic Filing

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

Re: *Ex Parte* Notification
CS Docket No. 97-80

Dear Ms. Dortch:

On March 7, 2005, Craig Tanner, Vice President of Cable Business Development, Sharp Electronics Corporation met with Commissioner Kathleen Abernathy and her Legal Advisor, John Branscome; Commissioner Jonathan Adelstein and his Legal Advisor, Eric Bash; and Catherine Bohigian, Legal Advisor to Commissioner Kevin Martin. Mr. Tanner was accompanied by Gregg Elias of Wiley Rein & Fielding LLP and the undersigned.

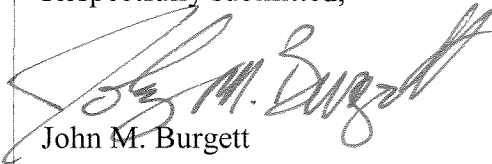
In the meetings, Mr. Tanner gave the attached slide presentation regarding the importance of the cable industry's reliance on a common separable security interface (*i.e.*, CableCARDS) in order to achieve a competitive marketplace for digital cable products. In particular, Mr. Tanner urged the Commission to maintain the July 1, 2006 deadline for cable operators' common reliance on CableCARDS as currently mandated by Section 76.1204 of the Commission's rules. Alternatively, if the FCC chooses to extend the deadline, Mr. Tanner urged the agency to (1) mandate meaningful reporting requirements for cable operators to ensure their quality support of CableCARDS and (2) to adopt rules that would ensure functional parity between the integrated security and CableCARD platforms. Copies of the attached presentation were distributed to the meeting participants.

This letter is being provided to your office in accordance with Section 1.1206 of the Commission's rules. A copy of this letter has been delivered by e-mail to the parties listed below.

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Please direct any questions regarding this notice to the undersigned.

Respectfully submitted,



John M. Burgett

cc: Commissioner Kathleen Abernathy
Commissioner Jonathan Adelstein
John Branscome
Eric Bash
Catherine Bohigian

The Importance of Cable's Reliance on Separable Security

Craig K. Tanner
V.P. Cable Business Development
Sharp Laboratories of America
March 7, 2005

"Common Reliance" Deliverable #1

- Quality of support by the cable operator
 - CableCARDS always in inventory & on the truck
 - Customer service reps. & technicians well-trained
 - Fast, successful installations
 - Trouble-free head-end & back office support
 - Provided today by cable only for products not their own!
 - Common reliance needed to assure consumer needs are met
- Cable is naturally resistant to retail products
 - Launch took six years after FCC rules were set in July, 1998
 - No cable Program Guide, no Transaction Revenue (VOD)
 - Cable views UDCP installations as lost revenue opportunities
 - Placement of leased STBs is far preferable to cable operators
 - Yet consumers who choose UDCPs deserve good support

Quality of Support for CableCARDS

- If not common reliance, then set new rules
- Require reports from cable
 - How many subscribers requested CableCARDS?
 - Of these:
 - how many had a successful CableCARD installation?
 - how many appointments did it take?
 - how many hours were spent for the installation?
 - were there problems?
 - was CE manufacturer support required?
 - how many wound up with a leased STB?
 - how many wound up with nothing? (a CE product return)
 - CE's concerns should not go unaddressed

"Common Reliance" Deliverable #2

- Functional Parity for the CableCARD system
- Signal security is the heart of cable MSO's business
- As it evolves, retail products must not be left behind
 - a continual temptation for cable -- to pave a proprietary path and resolve subscriber problems with a leased STB
 - advancements must also apply to the CableCARD system
 - if not, consumers will regret their retail purchases
 - the DTV transition will slow as mfrs. shy away from UDCPs
- Common reliance on CableCARDS:
 - assures sustained parity for consumer's retail purchases
- To twice delay "common reliance" is to repudiate it
 - yet the concept is also critical for the next CA technology!

Functional Parity for CableCARDs

- If not common reliance, then set new rules
- Require a report to confirm current parity
 - between leased STBs & the CableCARD system
 - including headend & back-end support systems
- Set a rule prohibiting divergence
 - any functional additions to integrated security must be supported in CableCARDs as well

Reasons for This 2nd Delay?

- To spur success in the 2-way negotiations
 - "integration ban is bogging down progress"
- Downloadable software security
 - "it is just around the corner"
 - "it is the ultimate security solution"
 - "CableCARD reliance will distract cable's attention and investment from this leap forward"
 - "one more delay & CableCARDs will be irrelevant"

These are all Myths!

- The integration ban has not been a topic in the negotiations
 - Cable admitted they are not linked (in their Dec. 20 ex parte letter):
"As the lead negotiators for the cable and CE industries have discussed with the Media Bureau, the issues being negotiated are truly complex and involved mostly business, not technical, questions. They are being (and will be) dealt with independent of the Separate Security Requirement"
- The linkage concept was falsely raised in the Comcast/TWC/Microsoft meeting with Chairman Powell:
*"...the Commission should defer...the July 2006 implementation"
"This recommendation was made to allow to allow approximately one year for the development of a new agreement...related to... retail availability"*

More Myths

- Downloadable software security
 - "it is just around the corner"
 - identifying a nationally portable system will take 2-3 years
 - cable's planning for downloadable security is under NDA
 - cable MSOs plans to choose the system, via "NGNA" project
 - it cannot be publicly discussed
 - it cannot be discussed with the FCC
 - ...all in all, a poor basis for delaying cable's obligation
 - the Commission should insist on an open process
 - there should be no elements specific to CE only
 - We can expect cable to seek another 76.1204 delay
 - long before a downloadable system is identified & proven

More Myths

- Downloadable software security
 - "it is the ultimate security solution"
 - downloadable security still depends on secure hardware!
 - leading vendors (Widevine, Latens) acknowledge downloadable security is not perfect, only faster to replace when partially breached
 - a breach of the protected hardware is also possible
 - breached protected hardware may need CableCARD as its backup!
 - Cable may insist on CableCARD capability on retail CE products that use downloadable security
 - for the same reasons they insisted on it for UDCPs:
 - cable cannot afford to have any part of the system in a product they do not own, and cannot recall
 - cable will likely need the DFAST patent license in a hardware security interface as a lever for controlling product compliance & robustness

Myths Continued...

- Downloadable software security
 - "CableCARD reliance will distract cable's attention and investment from this leap forward"
 - Precisely the opposite is true: without sharing the burden of Separable Security, cable has little incentive to develop the downloadable security (not clear it will cost less!)
 - "one more delay & CableCARDS will be irrelevant"
 - Cable must seek its next delay 18 months prior to any new deadline (the manufacturing cycle for their STB orders), so they will be back soon to ask for a 3rd delay
 - Software security is much more complicated than CableCARDS -- a single, standardized secure processor must fully execute all known conditional access systems
 - Licenses are not yet established to permit this

Recommendations

- Keep the July 1, 2006 date in place
 - Cable can easily manage this transition
 - Cable's STB vendors designed the CableCARD system years ago!
 - To do otherwise would repudiate the value of the "common reliance", which will be needed again for the next technology
 - Keeping the July 1, 2006 date will preserve the CE industry's confidence in relying upon FCC rules and deadlines in future product decisions
 - Any retraction from digital cable products means fewer over-the-air DTV tuners in the market

Alternate Recommendations

- If the date must move, give recognition to the concerns of CE manufacturers:
 - Set tough reporting requirements for cable operators, to incent quality CableCARD support
 - Set rules prohibiting functional divergence between the integrated security and CableCARD platforms
 - Include a rule accelerating M-card for UDCPs
- Intensify FCC oversight of the 2-way negotiations (more to say on this soon!)